



Director of  
Central  
Intelligence

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# National Intelligence Daily (Cable)

30 October 1982

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CPAS NIDC 82-254C

30 October 1982

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USSR: Doubts About "No-First-Use" Concept

*A recent Soviet press article suggests Soviet leaders are sensitive to concerns over President Brezhnev's pledge that the USSR will refrain from using nuclear weapons first.*

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The article responds to letters from readers skeptical about the consequences for Soviet security of Brezhnev's unilateral "no-first-use" pledge. It acknowledges the dangers of a US preemptive nuclear strike but reassures readers that Soviet "state-of-the-art" early warning systems guarantee a counterstrike "without hesitation." In a defensive tone, the article rejects unattributed "theses" that the pledge should be revoked "before it is too late."

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Comment: The article is the latest reflection of the leadership's concern about uneasiness among politically aware elements of society over the implications of Brezhnev's promise. It also suggests an awareness that influential elements of society may be worried by Moscow's heightened propaganda about the US "threat" and may question the wisdom of some aspects of Brezhnev's "Peace Program."

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Defense Minister Ustinov's article in *Pravda* on 12 July had indicated doubts about the "no-first-use" pledge among military men and unspecified "friends" of the USSR. The publication of the current article may have been timed to coincide with Brezhnev's address to military leaders on Wednesday. That speech also appeared intended to reassure the military of the correctness of Soviet defense policies.

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POLAND: Challenge to Jaruzelski

*Open criticism of Premier Jaruzelski and his policies by hardliners may inaugurate a prolonged debate on the future role of the party.*

Party hardliner Tadeusz Grabski has circulated an open letter to members of the Central Committee warning the party has not been reconstructed but has "sunk into a kind of coma." He reportedly criticized the government's economic reform program and blamed senior officials in the Church for causing social unrest.

Grabski proposed using the "strongest possible force" to destroy the underground opposition, a severe purge of the party, a retreat from liberal economic reforms, and tougher measures against the Church. According to Western correspondents, the Politburo met on Wednesday to discuss the implications of the challenge to Jaruzelski.

The Soviets recently indicated that they regard the reconstruction of the party as their top priority and that they would like to see Jaruzelski move more quickly to purge its ranks of revisionists. They also have publicized their opposition to the Church's playing a political role.

Comment: Jaruzelski can easily withstand this challenge. The letter, however, is likely to revive complaints from party bureaucrats on how the party is being dominated by the military.

The Soviets probably were aware of the letter. There is no sign, however, that Moscow has ceased to regard Jaruzelski as the best available leader for now or that it would support a hardline challenge to his position. Recent Soviet commentaries have affirmed the need to take a long-term view of the problems in Poland and to avoid provocative measures against the opposition.

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SYRIA-PLO: Maneuvering Toward the Center

*An effort by the Syrians to portray themselves--especially to the US--as amenable to a Jordanian-PLO unity scheme probably is a tactical move to increase Syria's influence in US and Arab peace initiatives.* [redacted]

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On Thursday Syrian Deputy Foreign Minister Qaddur drew the attention of the US Charge to a statement on the peace process by President Assad to be published soon in an Arabic-language magazine. Assad reportedly states Syria has no objection if Jordan and the PLO agree to form a confederation or other union. [redacted]

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Qaddur said the interview is intended to offset the Information Minister's recent public criticism of PLO chief Arafat's visit to Jordan earlier this month. [redacted]

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Comment: Assad probably believes he needs to move toward neutral ground on Jordanian-PLO contacts to ensure that Syria is included in any Arab understandings reached with the US. He also may calculate that his forthcoming statement will help persuade the PLO to convene the planned meeting of the Palestine National Council in Damascus, thereby enabling Syria to reassert its leverage with the PLO. [redacted]

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The statement may contain conditions not mentioned by Qaddur. It may, for example, espouse the PLO position that establishment of an independent Palestinian state has to precede any union--a stipulation totally unacceptable to Israel. [redacted]

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If Assad has posed no conditions, and Syria is beginning to change its basic policy, then the shift probably would be at least partly the result of Saudi Arabia's repeated offers of financial aid to Damascus in return for political moderation. [redacted]

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EL SALVADOR: Military Standoff Continues

*Insurgent operations have diminished amid renewed proposals for negotiation by the guerrillas, but the government anticipates more attacks and is avoiding a counteroffensive.*

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//Guerrilla attacks on military and economic targets have dropped off, particularly in the east, where commercial traffic is beginning to return to normal. In the north, however, the insurgents still hold or threaten several towns.//

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The increased insurgent activity was accompanied by a new international political campaign by leftists calling for negotiations. Insurgent spokesmen have indicated publicly fighting will continue as long as the government refuses to negotiate.

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Comment: The guerrillas probably do not anticipate a shift in the government's position on negotiations any time soon. Their offer to negotiate appears designed to strengthen their political acceptance abroad. Moreover, their failure to specify terms for a settlement underscores their continuing internal divisions over ideology and tactics.

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There is little to suggest the insurgents will be launching a second major military campaign. As long as they continue to be resupplied from abroad, however, they can carry out limited operations in various parts of the country.

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MEXICO: Threat of Labor Unrest Recedes

The likelihood of labor turmoil is diminishing as the unions secure wage increases in a growing number of industries. [ ]

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Comment: The possibility plants would be closed and an IMF agreement would curtail wage hikes have weakened the unions' bargaining position. Labor's satisfaction in obtaining some wage increases from the hard-pressed private sector makes widespread strikes unlikely. The 20- to 30-percent increases will put real wages just ahead of the level of December 1981 but slightly behind the gains obtained from emergency wage hikes after a devaluation last February. [ ]

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UK: Plans for Ship Construction

//Prime Minister Thatcher has confirmed that all Royal Navy ships lost during the war with Argentina will be replaced. Contingency funds not connected to the defense budget will be used over the next five to six years for ship construction. Before the war, the Navy was slated for severe reductions in ships and personnel. The UK has already announced several of the ships that were to be taken out of service or sold, including an aircraft carrier, will be retained.// [ ]

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Comment: //The results of a study by the Ministry of Defense on the recent conflict probably will figure in the design of the new ships. Thatcher apparently intends to make defense an important election issue. At the Conservative Party's recent conference, for example, Tory spokesmen indicated they will contrast their resolute commitment to a strong national defense to the more equivocal stands of rival parties.// [ ]

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HUNGARY: Financial Optimism

//A senior Hungarian banker claims his country has weathered its recent payments crisis and should be able to avoid rescheduling its debts. Budapest is beginning to rebuild its reserves and anticipates an improvement in its current account of nearly \$1.3 billion in 1982-83, mainly because of cuts in imports and lower interest rates. The Hungarians also have reached preliminary agreement with the IMF on a \$600 million credit package and stabilization program. The banker estimates the attendant austerity measures required by the IMF will depress consumption by 3 or 4 percent.//

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Comment: Although Hungary's finances appear sounder, its external position will remain shaky. Maintaining a tight lid on imports will make it difficult to sustain exports. The regime has been increasingly candid about the need for sacrifices in living standards, and major unrest seems unlikely for the foreseeable future. To regain full financial health, Budapest cannot rely entirely on austerity measures but also will have to emphasize actions to improve export competitiveness.

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USSR: Prospects for Coal Slurry Pipeline

//Several US firms recently have been contacted about helping the Soviets build a coal slurry pipeline to transport coal from Siberia to the Moscow region. Such assistance would be subject to the US embargo. Since February, the Soviets also have contacted Italian, Japanese, and West German firms to consider the design of a coal-and-methanol pipeline.//

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Comment:

technological and economic constraints probably preclude the construction of a large-scale slurry pipeline during the 1980s. Low winter temperatures and water shortages almost certainly would render a long distance coal-and-water pipeline unfeasible. Soviet production of methanol--another possible slurry medium--falls far short of necessary amounts for such a project and would require a major expansion of industrial capacity. Constructing a major coal slurry system would be likely to cost over \$2 billion and would take five to 10 years to complete.//

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KUWAIT-IRAQ: Financial Aid

Kuwait is likely to come up with another \$2 billion interest-free loan for Iraq, according to a source of Kuwait's central bank. Since the beginning of the war, Iraq has received \$20 billion in aid, of which Kuwait has given \$6.1 billion. The last observed transfer occurred in April, which brought the total for 1982 to \$2 billion.

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